



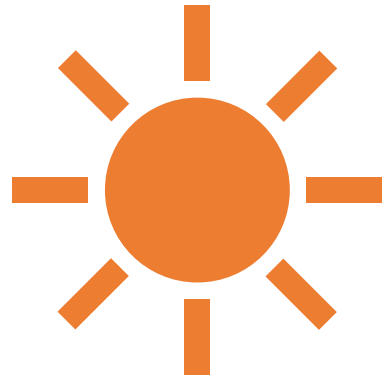
Non-price Support Mechanisms for Renewable Energy in Nigeria

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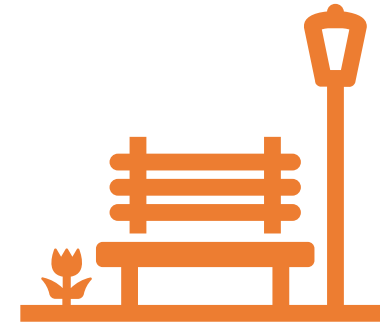
Technical Regulation Division

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Nigeria's Renewable Energy



**Landscape and Recent
Reforms**



Context and Policy Framework

Electricity Act 2023 Framework

The Electricity Act 2023 empowers states to create electricity markets integrating renewable energy into national planning.

Mini-Grid Regulations 2023

New regulations streamline permitting and introduce portfolio applications to ease renewable project deployment in rural areas.

Grid Operations and Tariff Reforms

Updated tariff review procedures and dispatch orders improve grid efficiency and equitable load allocation.

Support Mechanisms for Adoption

Non-price mechanisms like capacity allocation and legal exemptions help scale renewable energy without relying on subsidies.

Mechanisms for Allocating Renewable Energy Capacity

Allocation Management

Regulatory Framework

The Electricity Act 2023 allows states to regulate electricity activities and enable localised renewable energy planning.

Mini-Grid Regulations

NERC's 2023 Mini-Grid Regulations introduce portfolio permitting and tripartite agreements to streamline project development.

Operational Guidelines

Grid Code and embedded generation frameworks guide connection studies and hosting capacity assessments for developers.

Market Access Expansion

Eligible Customer Regulations 2024 expand renewable procurement opportunities for commercial and industrial consumers.



Legal Exemptions and Fiscal Incentives

Tax Relief and Import Duty Waivers for Renewable Energy VAT and Import Duty

Exemptions

Nigeria exempts solar panels and wind generators from VAT and import duties, lowering costs for renewable energy deployment.

Tax Holidays for Manufacturers

Pioneer status incentives provide up to five years tax holidays for renewable energy manufacturers, promoting local production and jobs.

Financing Support via NMMP

The National Mass Metering Programme finances distribution companies and meter manufacturers, aiding renewable energy infrastructure improvement.

Challenges in Duty Exemptions

Inconsistent duty exemptions on components like batteries hinder local assembly, requiring comprehensive fiscal reforms to boost investment.





Regulatory Improvements Enhancing Frameworks for Renewable Integration

Mini-Grid Regulatory Updates

The 2023 Mini-Grid Regulations set strict loss caps and formalise permit transfer procedures to boost operational efficiency and investor confidence.

Tariff Review and Predictability

NERC's 2024 Tariff Review Regulations provide clear guidelines for predictable tariff adjustments supporting renewable energy agreements.

Interim Dispatch Order

The 2024 interim dispatch order prioritises equitable service delivery and reduces discrimination in curtailment against distribution companies.

Future Regulatory Priorities

Future goals include codifying wheeling procedures, harmonising permits, and adopting net-billing to accelerate renewable integration

Lessons Learned and Opportunities for 2026

Streamlined Regulatory Processes

Mini-grid regulations reduced consent timelines and transaction costs, thereby accelerating rural renewable energy deployment.

Fiscal Policy Impacts

Clear solar import policies lowered capital costs, though challenges remain with exemptions for ancillary components.

Decentralised Market Opportunities

The Electricity Act 2023 enables state-level capacity auctions and tailored regulations promoting competition and innovation.

- **Guidelines on Commercial Framework for IMG**



Future Policy Proposals

Proposals for 2026 include an energy capacity registry, net-billing regulations and standardised procurement to boost investment.

- Derogations were granted to REA on mini-grid sites to allow generation above 1 MW per site.
- World Bank funding is being mobilised, subject to Commission approval of the Interconnected Mini-Grid (IMG) Regulations.
- Incentives and waivers for IMGs are envisaged, but remain dependent on approval of the IMG Regulations.
- Over 75% of the capacities of the sites submitted by the DisCos for the deployment of 1MG projects under the DARES phase one initiative exceed the current MG threshold.
- Developers have indicated that the 1MW MG threshold limits the economies of scale and viability of potential sites to be developed in partnership with the DisCos (via the sub-franchise model).





**THANK YOU
FOR YOUR ATTENTION!**

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